

HH FINANCE PLC

Reg. No.: C 84461

Unaudited Half-Yearly Financial Report

For the period ended 30th June 2018

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HH FINANCE PLC

Interim directors' report pursuant of Prospects Rule 4.11.12

For the period ended 30th June 2018

This Half-Yearly report is being published in terms of Chapter 4 of the Prospects Rules of the Malta Stock Exchange. The Half-Yearly report comprises the reviewed unaudited condensed interim financial statements for the period ended 30 June 2018 prepared in accordance with IAS 34, 'Interim Financial Reporting'.

Principal activity

The Company's principal activity is to own, manage, administer and dispose of property of any kind.

Review of business development and financial position

The Company has secured funds from a successful bond issue. During the period under review, profit before taxation amounted to €195,094 while accrued bond interest payable amounted to €28,767 based on the unaudited Half-Yearly financial report for the period ended 30th June 2018.

The Company has a Lease Agreement with HH Operating Ltd covering the rental of the hotel owned by the Company. The rent due as at 30th June was outstanding as at that date and was settled by means of a payment effected by HH Operating Ltd after the balance sheet date.

Significant events during period under review


During the period under review, the Company increased its Authorised and Issued Share Capital to one hundred and fifty thousand (€150,000) divided into:

- One hundred forty nine thousand, nine hundred and ninety-nine (149,999) Ordinary A shares of one Euro (€1) each and;
- One (1) Ordinary B share of one Euro (€1) each.

Dividend

No interim dividends are being proposed.

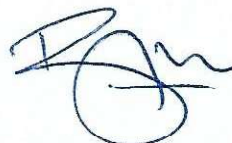
Approved by the Board of Directors on 31st August 2018 and signed by:


Mr. Tonio Depasquale
Director

Mr. Benjamin Muscat
Director

Mr. Luke Chetcuti
Director



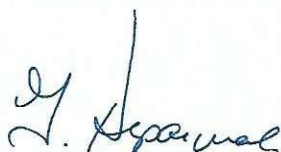


Directors' statement on condensed financial statements

HH FINANCE PLC

We hereby confirm that, to the best of our knowledge, the condensed set of financial statements for the period ended 30th June 2018, which have been prepared in accordance with IAS 34, '*Interim Financial Reporting*', gives a true and fair view of the financial position and the financial performance and cash flows of HH FINANCE PLC and that the interim directors' report includes a fair review of the information.

Signed by:



Mr. Tonio Depasquale
Director



Mr. Benjamin Muscat
Director



Mr. Luke Chetcuti
Director

Registered address:

2, St Georges Court A,
St. Augustine Street,
St Julians

Condensed statement of comprehensive income

HH FINANCE PLC

For the period ended 30th June 2018


	Note	Period ended 30 June 2018 €
Turnover	3	375,332
Administrative expenses		(42,306)
Bond issue costs		(109,165)
Profit before interest and tax		----- 223,861
Bond interest		(28,767)
Profit after interest		----- 195,094
Tax charge for the period		(68,283)
Profit after tax		----- 126,811 =====

HH FINANCE PLC

Condensed statement of financial position as at 30th June 2018

	Notes	As at 30 June 2018 €
Assets		
Non-current assets		
Property, plant and equipment	4	<u>35,000,000</u>
Current assets		
Trade and other receivables	5	387,040
Cash and cash equivalents	9	<u>18,087</u>
Total Current assets		<u>405,127</u>
Total Assets		<u><u>35,405,127</u></u>
Equity and Liabilities		
Equity		
Share capital	6	150,000
Retained Earnings		<u>126,811</u>
Total Equity		<u>276,811</u>
Non-current liabilities		
Debt securities in issue	10	5,000,000
Other payables	7	<u>29,975,000</u>
Total Non-current liabilities		<u>34,975,000</u>
Current liabilities		
Trade and other payables	8	<u>153,316</u>
Total Liabilities		<u>35,128,316</u>
Total equity and liabilities		<u><u>35,405,127</u></u>

The financial statements on pages 4 to 12 were approved by the directors on 31st August 2018 and signed by:


Mr. Tonio Depasquale
Director

Mr. Benjamin Muscat
Director



Mr. Luke Chetcuti
Director



HH FINANCE PLC

Condensed statement of changes in equity

For the period ended 30th June 2018

	Called up issued share capital €	Retained earnings €	Total €
Balance as at 1 January 2018	11,750	-	11,750
Profit for the period	-	126,811	126,811
Increase in share capital	138,250	-	138,250
Balance as at 30 June 2018	<u>150,000</u>	<u>126,811</u>	<u>276,811</u>

HH FINANCE PLC

Condensed statement of cash flows

For the period ended 30th June 2018

	Note	Period ended 30 June 2018 €
Cash flow from operating activities		
Profit for the period		195,094
Add back:		
Interest payable		28,767
Movements in working capital:		
Trade and other payables		40,506
Trade and other receivables		(385,490)

Net cash outflow before interest		(121,123)
Interest paid		(28,767)
Cash flow from investing activity		
Payment to acquire property, plant and equipment		(35,000,000)

Net cash outflow used in investing activity		(35,000,000)

Cash flow from financing activities		
Proceeds from the issue of share capital		150,000
Amount due (from)/to related companies		30,017,977
Debt securities in issue		5,000,000

Net cash inflow from financing activities		35,167,977

Movement in cash and cash equivalents		18,087
Cash and cash equivalents at the beginning of the period		-

Cash and cash equivalents at the end of the period	9	18,087
		=====

HH FINANCE PLC

Notes to the condensed financial statements

For the period ended 30th June 2018

1 Basis of preparation

1.1 Basis of measurement and statement of compliance

The interim condensed financial statements of HH FINANCE PLC have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' and in terms of Rule 4.11.12 of Prospects which is operated and regulated by the Malta Stock Exchange.

The financial information has been extracted from the Company's unaudited interim financial statements for period ended 30th June 2018.

1.2 Functional and presentation currency

The financial statements are presented in euro, which is the Company's functional currency.

2 Significant accounting policies

2.1 Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

After initial recognition, property, plant and equipment may be carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses, or under the revaluation model, that is at their fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses.

After initial recognition land and buildings are carried under the revaluation model. Other property, plant and equipment are carried under the cost model.

2.2 Financial assets, financial liabilities and equity

Trade and other receivables

Trade and other receivables are carried at cost less any impairment losses.

Trade and other payables

Trade and other payables are stated at their nominal value.

Share capital issued by the Company

Ordinary shares issued by the Company are classified as equity.

HH FINANCE PLC

Notes to the condensed financial statements

For the period ended 30th June 2018

2 Significant accounting policies (Cont'd)

2.3 Cash and cash equivalents

Cash comprises cash on hand and demand deposits, cash at bank and bank. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes. Bank overdrafts, which are repayable on demand and form an integral part of the Company's cash management, are a component of cash and cash equivalents.

2.4 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that the tax arises from a transaction or event which is recognised directly in equity, in which case it is recognised in equity, in which case it is recognised in equity.

Current tax is based on the taxable profit for the year, as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the end of the balance sheet.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company recognises a deferred tax liability in respect of all taxable temporary differences and a deferred tax asset in respect of all deductible temporary differences except to the extent that such deferred tax liability arises from the initial recognition of goodwill or the deferred tax asset/liability arises from the initial recognition of an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (loss). Recognition of a deferred tax asset is however limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The Company re-assesses any unrecognised deferred tax asset at each balance sheet date to determine whether future taxable profit has become probable that allows the deferred tax asset to be recovered.

3 Turnover

Turnover represents lease income from a related company on the lease of a hotel.

HH FINANCE PLC

Notes to the condensed financial statements

For the period ended 30th June 2018

4 Property, plant and equipment

	Property, Plant & Equipment €	Total €
Cost		
Additions for the period	35,000,000	35,000,000
	<hr/>	<hr/>
Depreciation		
Charge for the period	-	-
	<hr/>	<hr/>
Net book value At 30th June 2018	35,000,000	35,000,000
	<hr/> <hr/>	<hr/> <hr/>

5 Trade and other receivables

Trade and other receivables consist of:

	As at 30 June 2018 €
Accrued income	375,332
Amount due from related company	1,550
VAT refundable	10,158
	<hr/>
	387,040
	<hr/> <hr/>

HH FINANCE PLC

Notes to the condensed financial statements

For the period ended 30th June 2018

6	Share capital	As at 30 June 2018 €
	Authorised	
	149,999 ordinary 'A' shares of €1 each	149,999
	1 ordinary 'B' share of €1 each	1
		----- 150,000 =====
	Issued and 100% paid up	
	149,999 ordinary 'A' shares of €1 each	149,999
	1 ordinary 'B' share of €1 each	1
		----- 150,000 =====
7	Other payables	
	Other payables consists of:	
		As at 30 June 2018 €
	Amount due to related company	29,975,000
		----- 29,975,000 =====
8	Trade and other payables	
	Trade and other payables consist of:	
		As at 30 June 2018 €
	Others	40,507
	Taxation	68,283
	Amounts due to related companies	44,526
		----- 153,316 =====

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Notes to the condensed financial statements

For the period ended 30th June 2018

9 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at 30 June 2018 €
Cash at bank	18,087 =====

10 Financial instruments

Financial assets include cash held at bank and in hand. Financial liabilities include creditors and other borrowings.

Risk management policies

- a) Credit risk on amounts receivable is limited through the systematic monitoring of outstanding balances, and the presentation of receivables net of allowances for doubtful debts, where applicable. Cash is placed with reputable banks.
- b) Liquidity risk is limited as the company has the ability to raise finance to meet its financial obligations as they arise.

Debt securities

The Company issued €5 million 5% unsecured bonds 2023-2028 of a nominal value of €100 per Bond issued at par.

At 30th June 2018 the fair values of financial assets and liabilities were not materially different from their carrying amounts.

11 Related parties

The Company had related party transactions with related companies which are related by virtue of being under common control, by having common significant shareholders. Balances with related companies are shown in notes 5,7 and 8.